

## NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by 1st submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Due to time restraints, the Secretary of State's Office will no longer edit the text of proposed rules. We will continue to make numbering and labeling changes as necessary.

Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for adoption, amendment, or repeal of any rule. A.R.S. §§ 41-1013 and 41-1022.

### NOTICE OF PROPOSED RULEMAKING

#### TITLE 4. PROFESSIONS AND OCCUPATIONS

#### CHAPTER 19. STATE BOARD OF NURSING

##### PREAMBLE

1. **Sections Affected:** R4-19-308  
**Rulemaking Action:** Amend
2. **The specific authority for rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statute: A.R.S. § 32-1606(A)  
Implementing statutes: A.R.S. §§ 32-1606(A)(7) and 32-1606(B)(12)
3. **The name and address of the agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Mary Griffith, MN, RNC, Nurse Practice Consultant  
Address: Arizona State Board of Nursing  
1651 East Morten, Suite 150  
Phoenix, Arizona 85020  
Telephone: (602) 331-8111, Ext. 149  
Fax: (602) 906-9365
4. **An explanation of the rules, including the agency's reasons for initiating the rules:**  
The proposed amendment is necessary because the Department of Education ceased its certification of school nurses in March 1997. As a result, the current rule is no longer appropriate and must be amended to provide for certification and renewal of certification. On July 18, 1997, the Board of Nursing published a notice of docket opening in the *Arizona Administrative Register*.  
Additionally, the proposed amendment is necessary because Senate Bill 1096, which was signed by the Governor on May 8, 1998, and is expected to become effective in August 1998, requires applicants for certification to provide a verified statement that indicates whether the applicants have been convicted of a felony, and if convicted of 1 or more felonies, indicates the date of absolute discharge from the sentences for all felony convictions.
5. **A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state.**  
Not applicable.
6. **The preliminary summary of the economic, small business, and consumer impact:**  
The proposed amendment will have no economic impact on either the nurses regulated under Chapter 19 or the public. The nurses regulated will be informed that initial school nurse certification will now be provided by the Board of Nursing instead of the Department of Education. The costs are to the Secretary of State for publication of the rule and to the Board of Nursing in promulgating the rule. Additionally, the Board of Nursing will incur costs in the nature of time and resource allocation for the certification and renewal of certification process.

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**7. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Mary Griffith, MN, RNC, Nurse Practice Consultant  
Address: State Board of Nursing  
1651 East Morten, Suite 150  
Phoenix, Arizona 85020  
Telephone: (602) 331-8111, Ext. 149  
Fax: (602) 906-9365

**8. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rules or, if no proceeding is scheduled, where, when, and how persons, may request an oral proceeding on the proposed rules:**

A public hearing on proposed rulemaking will be held on July 16, 1998, following the regularly scheduled Board of Nursing meeting, in the Board of Medical Examiners Conference Room, located at 1651 East Morten, Suite 210, Phoenix, Arizona. The nature of the proceeding will be to discuss the proposed amendments with the public.

**9. Any other matters prescribed by statute that are applicable to the specific agency or to any specific agency or to any specific rule or class of rules.**

Not applicable.

**10. Incorporations by reference and their locations in the rules:**

Not applicable.

**11. The full text of the rules follows:**

**TITLE 4. PROFESSIONS AND OCCUPATIONS**

**CHAPTER 19. STATE BOARD OF NURSING**

**ARTICLE 3. LICENSURE**

Section

R4-19-308. School Nurse Certification

**ARTICLE 3. LICENSURE**

R4-19-308. School Nurse Certification Requirements

**A.** For initial certification as a school nurse, a professional nurse shall comply with A.R.S. § 15-531.01.

**A. Scope and applicability.**

1. This Section establishes the educational and certification requirements for school nurse certification.
2. This Section applies to all professional nurses seeking initial and renewal of school nurse certification.
3. School nurse certifications issued by the Department of Education are valid and remain valid until expiration. Upon expiration of a Department of Education certificate, a professional nurse who wishes to maintain school nurse certification shall seek initial certification under this Section.

**B. Application requirements.**

An applicant for initial school nurse certification or an applicant holding a school nurse certificate issued by the Department of Education shall:

1. Hold a current license in good standing to practice as a professional nurse in Arizona; and
2. Submit to the Board a verified application on a form furnished by the Board that provides the following information:
  - a. The applicant's full name and any former names used by the applicant;
  - b. The applicant's current mailing address and phone number;
  - c. The applicant's professional nurse license number;
  - d. The applicant's social security number;
  - e. A description of the applicant's educational background, including the number and location of

schools attended, the numbers of years attended, the date of graduation, the type of degree or certificate awarded, and if applicable, a statement that the applicant has satisfied the educational requirements specified in subsection (D);

- f. The applicant's current employer, including address, type of position and dates of employment;
- g. If the applicant has taken and passed a national certification examination, the name of the certifying organization, specialty area, certification number, and date of certification;
- h. If the applicant has ever had a nursing license denied, suspended, or revoked, an explanation of the license denial, suspension, or revocation;
- i. If a disciplinary action, consent order, or settlement agreement has been imposed on the applicant, an explanation of the disciplinary action, consent order, or settlement agreement;
- j. If the applicant has ever been convicted of a felony, the date of absolute discharge of the sentence for all felony convictions; and
- k. A sworn statement by the applicant verifying the truthfulness of the information provided by the applicant.

**C. Certification and renewal terms.**

1. Initial certification and 1st renewal of certification shall be valid for 3 years.
2. Subsequent renewals of certification shall be valid for 6 years.
3. An applicant holding a school nurse certificate issued by the Department of Education or by another state shall provide proof of completion of the educational requirements of subsection (D)(1), (2), or (3) for the certification or renewal period applicable to the applicant.

**D.B Educational requirements.**

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For renewal of a school nurse certificate, a professional nurse shall ~~comply with~~ provide proof of completion of the following educational requirements:

1. Prior to application for the initial renewal of certification ~~in 1998~~, a school nurse shall ~~have completed the following or show~~ provide proof of ~~prior completion of all of the following educational requirements:~~
  - a. Three semester hours in school nurse practice course work,
  - b. Three semester hours in physical assessment of the school-aged child course work, and
  - c. Three semester hours in nursing care of the child with developmental disabilities.
2. Prior to application for a 2nd renewal of certification ~~after 1998~~, a school nurse shall ~~have completed the following or show~~ provide proof of ~~prior completion of all of the following educational requirements:~~
  - a. Three semester hours in community health nursing theory;
  - b. Three semester hours in management concepts in nursing practice theory; and
  - c. Three semester hours of upper division course work in any of the following areas: counseling, health promotion, nutrition, legal-ethical or interpersonal communication, and group process.
3. Prior to all subsequent applications for renewal of certification, a school health nurse shall ~~complete~~ provide proof of completion of 1 of the following:

- a. Six semester hours of upper division or graduate credit taken from a regionally accredited institution, as defined in the ~~State Board of Education rule, A.A.C. R7-2-604 R4-19-101(23), or~~
  - b. Ninety contact hours of continuing education related to nursing practice.
4. Notwithstanding Subsections (C)(3) and (D)(1).
    - a. Professional nurses applying for initial certification or initial renewal of certification through the Board, who have completed the educational requirements in (D)(1), shall provide proof of completion of the educational requirements in (D)(1) and (D)(2).
    - b. Professional nurses applying for initial certification, initial renewal or subsequent renewals of certification through the Board, who have completed the educational requirements in (D)(2), shall provide proof of completion of the educational requirements of (D)(3).
  - C. Upon completion of the educational requirements set forth in this Section, a school nurse shall present official transcripts or original certificates of contact hours to the Board which evidence that fact. Upon receipt of this evidence, the Board shall, by letter, provide verification of completion of the educational requirements by the school nurse to the Department of Education for purposes of certification.

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### TITLE 4. PROFESSIONS AND OCCUPATIONS

#### CHAPTER 30. BOARD OF TECHNICAL REGISTRATION

##### PREAMBLE

**1. Sections affected**

R4-30-201  
R4-30-202  
R4-30-202  
R4-30-203  
R4-30-203  
R4-30-204  
R4-30-207  
R4-30-209  
R4-30-210  
R4-30-211

**Rulemaking Action**

Amend  
Re-number  
Amend  
Re-number  
Amend  
Amend  
Re-number  
New Section  
New Section  
New Section

**2. The specific authority for the rulemaking, including both the authorizing statute and the statute the rules are implementing:**

Authorizing Statute: A.R.S. § 32-106(A)(9)

Implementing Statutes: A.R.S. §§ 32-106(A)(3), (A)(4), (A)(8), and (B); 32-122, 32-122.01, 32-123, and 32-126; and 41-1072 through 41-1077

**3. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: LaVern Douglas  
Address: Board of Technical Registration  
1951 West Camelback Road, Suite 250  
Phoenix, Arizona 85015-3470  
Telephone: (602) 255-4053  
Fax: (602) 255-4051

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4. An explanation of the rule, including the agency's reason for initiating the rule:  
The rules list application requirements and time-frames for professional registration.
5. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:  
Not applicable.
6. The preliminary summary of the economic, small business, and consumer impact:  
No anticipated negative impact from this change on small business or consumers. Changes are administrative to accommodate new statutes regarding licensure time-frames.
7. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:  
Name: LaVern Douglas  
Address: Board of Technical Registration  
1951 West Camelback Road, Suite 250  
Phoenix, Arizona 85015-3470  
Telephone: (602) 255-4053  
Fax: (602) 255-4051
8. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule, or if no proceeding is scheduled; where, when and how persons may request an oral proceeding on the proposed rule:  
Issue to be discussed at the Board of Technical Registration Quarterly Meeting scheduled for June 5, 1998, 9 a.m., in the 1st floor conference room of the Yavapai County Building, 1015 Fair Street, Prescott, Arizona, 86301. Interested parties may request oral proceedings by contacting LaVern Douglas at (602) 255-4053, Monday through Friday, 7:30 a.m. to 4:30 p.m.
9. Any other matters prescribed by statute that are applicable to the specific agency or to a specific rule or class of rules:  
Not applicable.
10. Incorporations by reference and their location in the rules:  
None.
11. The full text of the rules follows:

**TITLE 4. PROFESSIONS AND OCCUPATIONS**

**CHAPTER 30. BOARD OF TECHNICAL REGISTRATION**

**ARTICLE 2. REGISTRATION PROVISIONS**

Section

- R4-30-201. ~~General application requirements Professional Registration~~
- R4-3-203R4-30-202. ~~Applications for in-training programs In-training Designation~~
- R4-30-207R4-30-203. ~~Registration without examination Waiver of Examination~~
- R4-30-204. ~~Examinations; general~~
- R4-30-209. ~~Time-frames for Professional Registration or In-training Designation~~
- R4-30-210. ~~Time-frames for Approval to Sit for the Professional or In-training Examination~~
- R4-30-211. ~~Time-frames for Waiver of the Professional or In-training Examination~~

- R4-30-201. ~~General application requirements Professional Registration~~

Strike current subsection A and insert a new subsection A.

- A. A candidate for professional registration shall submit the following application package to the Board:

1. An original and 1 copy of a completed application;
2. Evidence of successful completion of the current national professional examination or waiver of the examination pursuant to A.R.S. § 32-126 and R4-30-203 in the category, and branch if applicable, for which registration is sought. Candidates shall arrange to have their examination results sent directly to the Board from

the applicable testing agency holding the examination results;

3. The information set forth in subsection (B)(1) through (15); and
4. The applicable fee.

~~A.B. Unless exempted by Subsection B. Of this Rule, candidates shall complete a standard application form (see Appendix A—Application—Ling Form) and: A candidate who wishes to sit for a professional examination shall submit to the Board an original and 1 copy of a completed application for professional examination, and provide the following information:~~

1. ~~Provide two copies of the application form (original and one copy);~~
1. Name, residence address, e-mail address, residence telephone number, and residence facsimile number of the candidate;
2. Date of birth and social security number of the candidate;
3. Citizenship or legal residence;
4. Category, and branch of engineering if applicable, for which the candidate is seeking registration;
5. Information, including a detailed explanatory statement, regarding:
  - a. Any disciplinary action, including suspension and revocation, taken by any other state or jurisdiction on any registration or license held by the candidate in any state or other jurisdiction;

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- b. Refusal of registration or license by any state or other jurisdiction;
- c. Any pending disciplinary action in any state or other jurisdiction on any registration or license held by the candidate;
- d. Any alias or former name used by the candidate; and
- e. Any conviction for a felony or misdemeanor, other than a minor traffic violation;
- 6. Jurisdiction in which any other registration or license is held, type of registration, number, year granted, how registration was granted (that is, by examination, education, experience, or reciprocity), and the number of examination hours taken by the candidate;
- 7. Name of the state or jurisdiction, the type of registration the candidate is seeking, and the current status of any application for registration pending in any other state or jurisdiction;
- 8. Name, mailing address, years attended, graduation date, major, and type of degree received from each college, university, or educational institution that the candidate attended;
- 2-9. Arrange to have Certified transcripts sent directly to the Board from the registrar of the each college, university or educational institution that the candidate attended to the Board;
- 10. Name, current address, telephone number, and facsimile number of the candidate's current and former employers in the category for which registration is sought; the dates of employment; the candidate's title; description of the work performed; and the number of hours worked per week;
- 3-11. Names and addresses of immediate supervisors in past and present employment in the category for which registration is sought. Candidates who have been working in the profession category in which registration is sought for 10 or more years shall provide the names and addresses of all immediate supervisors during the most recent 10-year period. If a candidate cannot supply the names and addresses of supervisors for at least 3 engagements, the candidate shall provide to the Board a written, sworn statement explaining the inability to provide this information, and the names and addresses of 3 additional references, unrelated to the candidate, at least 2 of whom that are registered in the category in which registration is sought;
- 4. If a candidate cannot supply the names and address of supervisors for at least three engagements, the candidate shall provide to the Board a written, sworn statement explaining the inability to provide the names and addresses of at least three supervisors, and the names and addresses of three additional references, unrelated to the candidate, at least two of whom shall be registered in the profession in which registration is sought.
- 6-12. A release authorizing the Board to investigate the candidate's education, and experience, credentials, and moral character and repute;
- 13. The candidate shall mail Certificate of Experience Record and Reference Forms (see Appendix A—Certificate of Experience Record and Reference Form) to the candidate's present and past immediate supervisors. The candidate shall also mail provide Certificate of Experience Record and Reference Forms to additional references as required by the Board. Upon receipt by the

Board of the completed Certificates from immediate supervisors and references, educational transcripts and other materials required by the Rule, the candidate's application will be evaluated. The candidate shall provide the name, address, and telephone numbers of all references. The candidate shall ensure that the completed reference forms are provided to the Board;

- 14. Evidence of successful completion, or waiver by the Board, of the applicable in-training examination. A candidate for professional registration who has successfully completed an in-training examination in another jurisdiction in the category for which registration is sought equivalent to the examination for that category administered in Arizona, shall submit proof of examination directly from the authority that administered the original examination. A candidate seeking professional registration as an architect or landscape architect may take the in-training examination at the same time as the professional examination. A candidate seeking professional registration as an assayer, engineer, geologist, or land surveyor shall pass the applicable in-training examination prior to admission to the professional examination;
- 15. An affidavit that the information provided to the Board is accurate, true, and complete; and
- 16. The applicable fee.

**B.C.** A Candidates holding a certificates of qualification issued by 1 of the national registration bodies boards recognized in R4-30-207(B) R4-30-203(B) of these rules shall complete a short form application (see Appendix C—Application—Short Form) and shall arrange to have their the record material forwarded to the Board by the national registration body board. If the forms provided by the national registration body board contain all the information described in A.R.S. § 32-122.01 and Subsection A (B) of this rule, the Board may accept these the forms in lieu of requiring the candidate to furnish the information directly to the Board.

**E.D.** The Board staff shall review all applications and, if necessary, shall refer completed applications to the appropriate committee an advisory committee for evaluation. If the application is complete and in the proper form and the Board staff or committee is satisfied that all statements on the application are true and that the candidate is eligible in all other aspects to be registered in the field for which the application was filed, the Board staff or committee shall recommend that the Board certify the candidate as eligible to take the examination, or if exempt from examination pursuant to the Aet statute or rule, as eligible for registration. If for any reason the Board staff or committee is not satisfied that all of the statements on the application are true or that the candidate is eligible in all respects for examination or registration, the Board staff shall make a further investigation shall be made of the candidate. The Board staff and committee shall submit recommendations shall be submitted to the Board for approval. The Board may also require a candidate to submit additional oral or written information if the candidate has not furnished satisfactory evidence of qualifications for examination or registration.

**D.E.** No change.

**E.** A candidate for professional registration shall be admitted to the next examination if the required education and experience requirement can be met by the examination date. The candidate shall provide written verification of satisfactory experience or transcripts showing successful completion of educational requirements before registration shall be granted.

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**R4-3-203. R4-30-202. Applications for in-training programs**  
**In-training Designation**

Strike subsection A and replace with:

- A. A candidate for in-training designation shall submit the following application package to the Board:
1. An original and 1 copy of a completed application;
  2. Evidence of successful completion, or waiver by the Board, of the current in-training examination in the category and branch, if applicable, for which in-training designation is sought;
  3. The information set forth in subsection (B)(1) through (9); and
  4. The applicable fee.
- B. An in-training candidate who wants to sit for an in-training examination shall submit to the Board an original and 1 copy of a completed application for in-training designation, providing the following information:
1. Name; residence address, telephone number and facsimile number; and current or school address, telephone number and facsimile number, if different from residence, of the candidate;
  2. Date of birth and social security number of the candidate;
  3. Citizenship or legal residence;
  4. Category, and branch of engineering if applicable, for which the candidate is seeking an in-training designation;
  5. Information regarding any conviction for a felony or misdemeanor, other than a minor traffic violation, and any alias or other name used by the candidate;
  6. Name, mailing address, years attended, graduation date, major, and type of degree received from each college, university, or educational institution that the candidate attended;
  7. Certified transcripts sent directly to the Board from the registrar of each college, university, or educational institution that the candidate attended;
  8. A release authorizing the Board to investigate the candidate's education, experience, and moral character and repute;
  9. An affidavit that the information provided to the Board is accurate, true, and complete; and
  10. The applicable fee.
- ~~B.C.~~ If otherwise qualified, the Board shall permit a candidate for in-training programs designation shall be permitted to take the in-training examination in the final 360 days year of a baccalaureate, masters, or other degree program accepted by the Board and accredited in the category for which the application is made. The candidate shall have the application form endorsed by the candidate's college dean or faculty advisor or, if already a graduate, may arrange in lieu of the endorsement to have a final transcript, indicating the degree awarded, sent directly from the registrar to the Board, in lieu of the endorsement.
- ~~C.D.~~ The Board shall permit a candidate for in-training programs designation without an accredited college degree shall be permitted to take the in-training examination after submitting to the Board specific evidence of four 4 years, or if an architect-in-training candidate, five 5 years of satisfactory experience or education or both, of a character satisfactory to the Board. The candidate shall provide the name, current address, telephone number, and facsimile number of all current and former employers; names of all supervisors and their titles; dates of employment; the candidate's title; and a description of the work performed. The candidate shall

have the application form endorsed by the current employer. The candidate shall provide Certificate of Experience Record and Reference Forms (see Appendix B) to immediate supervisors at present and past employers. The candidate shall ensure that the completed reference forms are submitted to the Board. The candidate shall meet all other requirements of this section, have transcripts sent directly to the Board from the registrar to the Board for any educational credit claimed.

- ~~D.~~ Candidates for in-training certification shall verify all educational experience by having certified transcripts sent directly from the registrar to the Board before in-training certification shall be granted.

**R4-30-207 R4-30-203. Registration without examination**  
**Waiver of Examination**

- A. The Board shall grant a waiver of the professional examination requirement in A.R.S. § 32-122.01 and R4-30-201 to a candidate for professional registration who holds a valid registration and is in good standing in another state, jurisdiction, territory, or country may be granted registration without examination provided:
1. The candidate submits evidence acceptable verifiable documentation to the Board that the education, experience, and examination requirements under which the candidate was registered in the original jurisdiction were substantially identical to those existing in Arizona at the time of the candidate's original registration; or
  2. The candidate submits evidence acceptable verifiable documentation to the Board that the candidate has been actively engaged as a professional registrant in another state, jurisdiction, territory, or county for at least ten 10 years in the profession in category for which registration is sought. For purposes of this Paragraph subsection, "actively engaged as a professional registrant" shall mean that the candidate both holds a valid registration in good standing, and has been practicing or offering professional services for the most recent ten-year period in that state, jurisdiction, territory or county; at least 10 of the last 15 years.
- B. The Board shall grant a waiver of the professional examination requirement in A.R.S. § 32-122.01 and R4-30-201 to a candidate for professional registration who submits evidence acceptable verifiable documentation to the Board that the candidate meets all of the criteria in Section A, Paragraph 1 of this Rule and holds 1 of the following qualifications professional records, issued by a national bureau of registration body, and is registered in good standing in another state or jurisdiction, may be granted registration in that profession without further examination requirement set forth in A.R.S. § 32-122.01 and R4-30-201 of these rules. The Board recognizes the following national registration body records:
1. National Council of Architectural Registration Boards Certificate Record, with design and seismic (lateral forces) qualifications;
  2. National Council of Examiners for Engineers and Surveyors Council Record; or
  3. Council of Landscape Architectural Registration Boards Council Record and Certification.
- C. When reviewing an engineering candidate's experience and examination information, the Board shall take into account the specific branch of engineering in which the candidate is seeking proficiency recognition.
- ~~C.~~ In the case of candidates applying for registration under the provisions of Section A. of this Rule, "evidence acceptable to the Board" shall mean a completed Board application as



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shown in Appendix A and registration documentation forwarded directly to the Board from the registering authority.

- D. In the case of candidates applying for registration under the provisions of Section B. of this Rule, "evidence acceptable to the Board" shall mean:

1. A completed short form application as shown in Appendix C;
2. Documentation from the certifying agency verifying the candidate has taken and successfully completed a national examination recognized by the Board, in the category in which registration is sought; and
3. Documentation from the certifying agency that verifies the candidate's employment history and education.

- D. The Board shall waive the in-training examination, if a candidate has successfully completed an in-training examination in another jurisdiction in the category in which registration is sought, which is equivalent to those examinations administered in Arizona. Proof of successful completion must be forwarded directly from the authority that administered the original examination.

- E. The Board shall waive the in-training examination for a candidate who has a degree listed in Section A. of Rule R4-30-208(A) or other educational credit approved by the Board in the category, and branch if applicable, in for which registration is sought, and meets all other requirements of A.R.S. § 32-126.C. 32-126(C).

- F. All candidates who request a waiver of any examination requirement shall meet all other requirements for professional registration or in-training designation set forth in R4-30-201 and R4-30-202. A candidate applying for a waiver under subsection B of this section shall ensure that the required documentation is forwarded directly to the Board from the national registration body.

**R4-30-204. Examinations; general**

- A. All examinations shall be given at the times and places determined by the Board. Once the Board approves a candidate to sit for any examination, the candidate shall communicate all questions and concerns regarding extensions and refunds to the applicable testing agency. The candidate shall make any request for additional time or other special test accommodation to the Board within a reasonable time before the test date. The Board shall not refund any examination fee paid to a testing agency. The Board shall publicly announce the exact date and time for an examination at least 180 days prior to the scheduled examination date. Applications for professional registration shall be filed with the Board at least 120 days prior to the date of the professional examination. Applications for in-training registration shall be filed with the Board at least 90 days prior to the date of the examination. All transcripts, Certificates of Experience and other materials required shall be received by the Board at least 60 days prior to the examination date. Applications or materials received after the cutoff dates shall be processed for the next scheduled examination.

- B. A candidate for professional registration as an engineer, assayer, geologist, or land surveyor shall pass the in-training examination before being admitted to the professional examination.

- C. When a candidate has been authorized to sit for an examination and has paid the proper fee but is unable to take the first scheduled examination or re-examination, the candidate may deliver a written request to the Board before the examination date seeking an extension permitting the candidate to take the next scheduled examination. Neither a request for an extension beyond the next scheduled examination nor an untimely

extension request shall be considered except for hardship reasons, such as serious illness or unavoidable absence from the country.

- D. Admittance to the examination shall be denied by the Board for any of the following reasons:

1. If the examination or re-examination fee is not received on or before the specified date.
2. If the candidate does not appear for the first scheduled examination or re-examination without an extension.
3. If a candidate does not appear for the examination or the re-examination to which the candidate was granted an extension.
4. If a candidate fails to complete successfully all parts of the examination or examination to which the candidate is admitted within five years after first taking any part of the examination or examinations.
5. If a candidate fails to comply with any of the provisions of the Act or this Chapter concerning applications.

- E.B. A candidate who fails to achieve a passing grade on any division of any examination may apply for request re-examination by notifying the Board in writing of the candidate's desire to re-take the examination and paying the appropriate examination fee. A candidate who re-takes any examination shall advise the Board of any changes in the information provided under R4-30-201(B) and R4-30-202(B) within 30 days from the date of the change. The Board shall close a candidate's file if the Board does not receive written confirmation from the candidate of his or her desire to re-take the examination within 1 year from the request for re-examination. A candidate whose file has been closed and who later wishes to apply for professional registration shall submit a new application package to the Board pursuant to R4-30-201 and R4-30-202.

- C. A candidate who has failed any division of an examination shall be examined only on the division failed. The Board shall deny a candidate's application, if a candidate fails to pass all divisions of the an examination within five 5 years after 1st taking any division of the an examination, the candidate's application shall be denied. The candidate may then shall submit a new application, and shall retake and pass all of the required those divisions of the examination, except the in-training examination, whose results are 5 or more years old, within five years after first re-taking any division of the examination.

- F.D. A candidate who wishes Candidates desiring to review of their his or her examination scores shall file a written request with the Board within 30 days after receiving notification of the failing grade. Candidates The candidate may review their his or her examinations by making prior arrangements with the staff and paying the appropriate applicable fee. All reviews must be completed The candidate shall complete any review within 60 days of the notification of a failing grade request for a review. In reviewing multiple choice questions, a candidate may review only those questions that were incorrect.

- E. A candidates who desires a regrade of his or her examination shall file a written request with the Board within 30 days after receiving notification of the failing grade or within 30 days after reviewing the examination, whichever is applicable, and pay the applicable fee. The candidate shall identify the questions that he or she wants to have reviewed. The candidate shall state why he or she believes a review of the item is justified. The candidate shall provide specific facts, data, and references to support his or her assertion that the solution deserves more credit. The Board shall determine whether it

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will re-grade the examination or whether it will send the examination to the applicable testing agency for re-grading, if such testing agency permits re-grading of the examinations.

**G.F.** If an applicant a candidate does not have the required education and experience, the Board may hold the application for a period of time not exceeding 1 year upon request of the applicant candidate. All time-frames adopted pursuant to Title 41, Chapter 6, Article 7.1 are suspended during the above referenced time.

**H.G.** An applicant A candidate may withdraw an application for registration or designation by written request to the Board. An approved withdrawal shall be considered a denial of an application, with neither prejudice nor refund of fee. Any fee paid by the candidate is non-refundable. If a candidate withdraws an application, the Board shall close the file. A candidate whose file has been closed and who later wishes to apply for professional registration or in-training designation shall submit a new application package to the Board pursuant to R4-30-201 and R4-30-202.

**R4-30-206.** Admission to the professional examination; out-of-state candidates with in-training status

A candidate for registration who has successfully completes an in-training examination in another jurisdiction in the profession in which registration is sought, which is equivalent to those examinations administered in Arizona, will be admitted to take the professional examination. Proof of examination must be forwarded directly from the authority which administered the original examination. A candidate shall comply with all the education and experience requirements relating to the profession for which registration is sought.

**R4-30-209. Time-frames for Professional Registration or In-training Designation**

**A.** Within 60 days of receiving the initial application package for professional registration or in-training designation, the Board shall finish an administrative completeness review.

1. If the application package is complete, the Board shall notify the candidate that the package is complete and that the administrative completeness review is finished.
2. If the application package is incomplete, the Board shall notify the candidate that the package is deficient and specify the information or documentation that is missing. All time-frames are suspended from the date the notice is mailed to the candidate until the Board receives all missing information or documentation.
3. A candidate with an incomplete application package shall supply the missing information or documentation within 90 days from the date of the notice of deficiencies. If the candidate fails to supply the missing information or documentation, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to apply for professional registration or in-training designation shall submit a new application package and pay the applicable fee.
4. If a candidate requests to sit for the professional or in-training examination, the time-frames in R4-30-210 apply until the Board grants or denies the candidate's request to sit for the examination.
5. If a candidate requests a waiver of examination under R4-30-203, the time-frames in R4-30-211 apply until the Board grants or denies the waiver of examination.

**B.** The Board shall complete its substantive review of the application package and render a decision no later than 60 days

after the date the Board mails the notice of administrative completeness to the candidate.

1. If the Board finds that the candidate meets all requirements in statute and rule, the Board shall approve the candidate for professional registration or in-training designation.
2. If the Board finds that the candidate does not meet all requirements in statute and rule, the Board shall deny the candidate professional registration or in-training designation. The Board shall provide written notice of the denial. The notice shall include justification for the denial, references to the statutes or rules on which the denial was based, and an explanation of the candidate's right to appeal, including the number of days in which the candidate must file a protest, the name and telephone number of a Board contact person who may answer questions regarding the appeals process.
3. If the Board finds a deficiency during the substantive review of the application package, the Board shall issue a written request specifying the additional information and documentation to be submitted and the deadline for submission. The time-frame for substantive review of an application package is suspended from the date the written request for additional information or documentation is served until the date that all missing information or documentation is received.
4. When the Board and candidate mutually agree in writing, the Board or its designee shall grant extensions of the substantive review time-frame totaling no more than 30 days.
5. If the candidate fails to supply the missing information or documentation by the deadline date, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to apply for professional registration or in-training designation shall submit a new application package and pay the applicable fee.

**C.** Saturdays, Sundays and legal holidays are not counted in calculating the number of days under this Article. A candidate is notified by the Board when the Board mails the notice by regular mail.

**D.** For the purposes of A.R.S. § 41-1073, the Board establishes the following time-frames for a candidate applying for professional registration or in-training designation:

1. Administrative completeness review time-frame: 60 days;
2. Substantive review time-frame: 60 days; and
3. Overall time-frame: 120 days.

**R4-30-210. Time-frames for Approval to Sit for the Professional or In-training Examination**

**A.** Within 60 days of receiving the initial application package to sit for the professional or in-training examination, the Board shall finish an administrative completeness review.

1. If the application package is complete, the Board shall notify the candidate that the package is complete and that the administrative completeness review is finished.
2. If the application package is incomplete, the Board shall notify the candidate that the package is deficient and specify the information or documentation that is missing. All time-frames are suspended from the date the notice is mailed to the candidate until the Board receives all missing information or documentation.
3. A candidate with an incomplete application package shall supply the missing information or documentation



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within 90 days from the date of the notice of deficiencies. If the candidate fails to supply the missing information or documentation, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to sit for the in-training or professional examination shall submit a new application package and pay the applicable fee.

**B.** The Board shall complete its substantive review of the application package and render a decision no later than 120 days after the date the Board mails the notice of administrative completeness to the candidate.

1. If the Board finds that the candidate meets all requirements in statute and rule, the Board shall approve the candidate to sit for the next available in-training or professional examination.

2. If the Board finds that the candidate does not meet all requirements in statute and rule, the Board shall not allow the candidate to sit for the in-training or professional examination. The Board shall provide written notice of its refusal to allow the candidate to sit for the examination. The notice shall include justification for the denial, references to the statutes or rules on which the denial was based, and an explanation of the candidate's right to appeal, including the number of days in which the candidate must file a protest, the name and telephone number of a Board contact person who may answer questions regarding the appeals process.

3. If the Board finds a deficiency during the substantive review of the application package, the Board shall issue a written request, specifying the additional information or documentation to be submitted and the deadline for submission. The time-frame for substantive review of an application package is suspended from the date the written request for additional information or documentation is served until the date that all missing information or documentation is received.

4. When the Board and candidate mutually agree in writing, the Board or its designee shall grant extensions of the substantive review time-frame totaling no more than 45 days.

5. If the candidate fails to supply the missing information or documentation by the deadline date, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to sit for the in-training or professional examination shall submit a new application package and pay the applicable fee.

**C.** Saturdays, Sundays and legal holidays are not counted in calculating the number of days under this Article. A candidate is notified by the Board when the Board mails the notice by regular mail.

**D.** For the purposes of A.R.S. § 41-1073, the Board establishes the following time-frames for a candidate wishing to sit for either the in-training or professional examination:

1. Administrative completeness review time-frame: 60 days;

2. Substantive review time-frame: 120 days; and

3. Overall time-frame: 180 days.

**R4-30-211. Time-frames for Waiver of the Professional or In-training Examination**

**A.** Within 60 days of the initial application package for a waiver of the professional or in-training examination, the Board shall finish an administrative completeness review.

1. If the application package is complete, the Board shall notify the candidate that the package is complete and that the administrative completeness review is finished.

2. If the application package is incomplete, the Board shall notify the candidate that the package is deficient and specify the information or documentation that is missing. All time-frames are suspended from the date the notice is mailed to the candidate until the Board receives all missing information or documentation.

3. A candidate with an incomplete application package shall supply the missing information or documentation within 90 days from the date of the notice of deficiencies. If the candidate fails to supply the missing information or documentation, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to apply for professional registration or in-training designation shall submit a new application package and pay the applicable fee.

**B.** The Board shall complete its substantive review of the application package and render a decision no later than 120 days after the date the Board mails the notice of administrative completeness to the candidate.

1. If the Board finds that the candidate meets all requirements in statute and rule, the Board shall waive the professional or in-training examination requirement for the candidate.

2. If the Board finds that the candidate does not meet all requirements in statute and rule, the Board shall deny the waiver. The Board may allow the candidate to sit for the professional or in-training examination, or the Board may require the candidate to submit an application to sit for the professional or in-training examination. The Board shall provide written notice of the denial. The notice shall include justification for the denial, references to the statutes or rules on which the denial was based, and an explanation of the candidate's right to appeal, including the number of days in which the candidate must file a protest, the name and telephone number of a Board contact person who may answer questions regarding the appeals process.

3. If the Board finds a deficiency during the substantive review of the application package, the Board shall issue a written request, specifying the additional information or documentation to be submitted and the deadline for submission. The time-frame for substantive review of an application package is suspended from the date the written request for additional information or documentation is served until the date that all missing information or documentation is received.

4. When the Board and candidate mutually agree in writing, the Board or its designee shall grant extensions of the substantive review time-frame totaling no more than 45 days.

5. If the candidate fails to supply the missing information or documentation by the deadline date, the Board may close the candidate's application file. Any fee paid by the candidate is non-refundable. A candidate whose file has been closed and who later wishes to apply for professional registration or in-training designation shall submit a new application package and pay the applicable fee.

**C.** Saturdays, Sundays and legal holidays are not counted in calculating the number of days under this Article. A candidate is

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notified by the Board when the Board mails the notice by regular mail.

- D.** For the purposes of A.R.S. § 41-1073, the Board establishes the following time-frames for a candidate requesting a waiver of the professional or in-training examination:

1. Administrative completeness review time-frame: 60 days;
2. Substantive review time-frame: 120 days; and
3. Overall time-frame: 180 days.

**NOTICE OF PROPOSED RULEMAKING**

**TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING**

**CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION**

**PREAMBLE**

**1. Sections Affected**

R19-3-201  
R19-3-202  
R19-3-202  
R19-3-202  
R19-3-203  
R19-3-203  
R19-3-204  
R19-3-204  
R19-3-205  
R19-3-205  
R19-3-206  
R19-3-206  
R19-3-207  
R19-3-207

**Rulemaking Action**

Amend  
Repeal  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
New Section

**2. The specific authority for rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 5-504(B).

**3. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Mr. Geoffrey Gonsher, Executive Director  
  
Address: Arizona State Lottery Commission  
4740 East University  
Phoenix, Arizona 85034  
  
Telephone: (602) 921-4514  
  
Fax: (602) 921-4488

**4. An explanation of the rule, including the agency's reason for initiating the rule:**

Sections R19-3-201 through R19-3-207 are required by A.R.S. § 5-504 and prescribe the requirements and procedures for Arizona retailer businesses to obtain a license to sell Lottery game products, display promotional materials, requirements for the sale and payment of instant games and on-line games, and retailer conduct. The rules establish procedures for revocation, suspension or renewal of retailer licenses, hearing procedures and Lottery conducted compliance investigations. This amendment is required by the 5-year rule review and will provide consistency in the language of the text and, further, to make the rules clear, concise and understandable. The amendment also contains the license time-frames rules required by A.R.S. § 41-1073.

**5. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.

**6. The preliminary summary of the economic, small business, and consumer impact:**

A. The Arizona State Lottery.

Costs to the Lottery for this Article are included in the agency's appropriated budget. Retailer related costs include background investigations for licensing, delivery of tickets, supplies and point-of-sale promotional items, installation of telephone lines for the on-line terminal and monthly communication fees for each retailer selling on-line games, and administrative costs collecting sales revenues and providing customer service to retailers. Cost of a licensing investigation, which includes an ADA (Americans with Disabilities Act) on-site inspection, is approximately \$200 per location. Initial telecommunication line installation for an on-line retailer terminal is approximately \$400 and the average monthly line charge is \$50. The Lottery has approximately

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2400 on-line retailers. The Lottery paid \$1.9 million in telecommunication line-charges last fiscal year.

**B. Political Subdivisions.**

Political subdivisions of this state are not directly affected by the Retailer rule.

**C. Businesses Directly Affected by the Rulemaking.**

Businesses affected by this rule are Lottery retailers who sell Lottery game products to the public. The rule provides for licensing requirements, retailer conduct in selling and redeeming Lottery tickets, and compensation paid to retailers for Lottery services. The Lottery paid retailers earned over \$15 million in commissions last fiscal year.

**D. Private and Public Employment.**

Private and public employees are not directly affected by this rule.

**E. Consumers and the Public.**

There are no costs to the public associated with the amendment of this rule.

**F. State Revenues.**

License fees and revenue generated by the sale of Lottery game tickets are distributed to those programs funded with Lottery monies. The Lottery collected \$6,800 in retailer license fees in fiscal year 1996. Transfers to State of Arizona funds were in excess of \$85 million.

**7. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Mr. Geoffrey Gonsler, Executive Director  
Address: Arizona State Lottery Commission  
4740 East University  
Phoenix, Arizona 85034  
Telephone: (602) 921-4514  
Fax: (602) 921-4488

**8. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Date: July 17, 1998  
Time: 10 a.m.  
Location: Arizona State Lottery  
4740 East University  
Phoenix, Arizona 85034  
Nature: Oral Proceeding (close of the record is 5 p.m., M.S.T., Thursday, July 16, 1998, for written comments and at the end of the oral proceeding for verbal comments.)

**9. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable.

**10. Incorporation by reference and their location in the rules:**

Not applicable.

**11. The full text of the rules follows:**

**TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING**

**CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION**

**ARTICLE 2. RETAILERS**

**Section**

R19-3-201. Retailer's Application and License

R19-3-202. Special Retailers

R19-3-203. Direct Sales by Lottery

R19-3-204. Revocation, Suspension, or Renewal  
Denial of Retailer's License

R19-3-205. Display of Promotional Material; Compliance Investigations

R19-3-206. Instant Game Requirements

~~R19-3-207.~~ R19-3-206. On-Line Game Requirements

~~R19-3-207.~~ Compliance Investigations

**R19-3-201. Retailer's Application and License**

**A. Application.** Any A person interested in obtaining a license to sell lottery tickets shall:

1. File an application for a retailer's license with the Director on a application form provided by the Lottery. The form shall include the following: Submit to the Director a verified application on forms prescribed by the Director, containing the following information:

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- a. Name; If the applicant does business as an individual, the applicant's name, address, and phone number of the business;
  - b. Documentation on each controlling agent of the business;
  - b. If the applicant does business as a partnership or a limited liability partnership, the names, addresses, and phone numbers of all partners with a designation of any limited partners;
  - c. If the applicant does business as a corporation, limited liability company, an association or any other organization, the names, addresses, and phone numbers of the president, vice-president, if any, secretary, and treasurer or the functional equivalent of these officers, the directors, the owners of 10% or more of the stock or beneficial interest, and owners of equity that creates controlling interest in the business;
  - d. If the applicant does business as a corporation, a limited liability company or a limited liability partnership, evidence that the entity is in good standing with the Arizona Corporation Commission or the Secretary of State;
  - e. The address or location of the applicant's place of business and the mailing address if it is different from the place of business;
  - f. Name of insurance carrier and policy details;
  - f. The applicant's current transaction privilege tax license number issued pursuant to A.R.S. § 42-1305;
  - g. Proof that the applicant has complied with the statutes and rules governing workers' compensation insurance;
  - h. Statement of six-month probation period for meeting average weekly sales for both the instant and the On-line games;
  - h. Proof that the applicant has complied with the statutes and rules governing the American's with Disabilities Act;
  - ej. Marketing and sales forecast information; on the forms and in the manner specified by the Lottery;
  - dj. Names and, addresses, and telephone numbers of 3 business references;
  - ek. Financial relationship and any outstanding debt with the state of Arizona or any of its government subdivisions;
  - gl. Authorization agreement for electronic fund transfer showing a valid bank account number from which the amounts due the Lottery will be transferred; and
  - m. A statement that all funds owed to the Lottery from a previous Lottery licensed person doing business at the same location have been paid in full.
2. Submit a nonrefundable application fee of \$25.00 \$36.00. All licensed locations owned by the same corporation may renew the license on the same date in accordance with the provisions of subsection (J). If the applicant does business as a corporation with more than 1 licensed location, the application fee shall be pro-rated at \$1.00 per month from the application date until the date the other licenses are due for renewal.
- B.** To obtain or renew a license, a person shall submit to the Lottery evidence that the person is of good character and reputation. The Lottery may find that a person lacks good character and reputation if it determines that the person has committed
- any act which, if committed or done by a licensed retailer, would be grounds for suspension or revocation of a license or that the person was named on any business license in this state or any other state that was suspended or revoked.
- C.** To obtain a license a person shall not have had a Lottery license denied or revoked at the address and location of the applicant's place of business for reasons other than ADA compliance and shall not have sold lottery products without being licensed within 1 year of the person's date of application.
- D.** The Lottery shall not issue a license to a minor, a partnership in which 1 of the partners is a minor, or a corporation, association or other organization in which a corporate officer, member or manager is a minor.
- BE.** Residency requirement. The following are eligible to apply for a retailer's license To obtain a license, a person shall be:
- 1. Residents A resident of Arizona;
  - 2. Corporations A corporation incorporated in Arizona or authorized to do business in Arizona;
  - 3. A limited liability company authorized to do business in Arizona in which a member or manager resides in Arizona;
  - 34. Partnerships A partnership in which at least one 1 of the general partners resides in Arizona; or
  - 45. Unincorporated An unincorporated businesses which are business authorized to do business in Arizona.
- F.** Time-frame for licensure.
- 1. The Director shall finish an administrative completeness review within 10 working days from the date of receipt of the application and fee prescribed in subsection (A).
    - a. The Director shall issue a notice of administrative completeness to the applicant if no deficiencies are found in the application.
    - b. If the application is incomplete or the fee is not submitted, the Director shall provide the applicant with a written notice that includes a comprehensive list of the missing information. The 10-working-day time-frame for completion of the administrative completeness review is suspended from the date the notice of incompleteness is served until the applicant provides the Director with all missing information.
    - c. If the Director does not provide the applicant with notice regarding administrative completeness, the application shall be deemed complete 10 working-days after receipt by the Director.
  - 2. An applicant with an incomplete application shall submit all of the missing information within 15 working-days of service of the notice of incompleteness.
    - a. If an applicant cannot submit all missing information within 15 working-days of service of the notice of incompleteness, the applicant may obtain an extension by submitting a written request, which documents the reasons the applicant is unable to meet the 15-working-day deadline, to the Director no later than 15 working-days from service of the notice of incompleteness.
    - b. The Director shall review the request for an extension of the 15-working-day deadline and shall grant the request if the Director determines that an extension will enable the applicant to assemble and submit the missing information. An extension of the 15-working-day deadline shall be for no more than 15 working-days. The Director shall notify the applicant in writing of the decision to grant or deny

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- the request for an extension. An applicant who requires an additional extension shall submit an additional written request in accordance with this subsection.
3. If an applicant fails to submit a complete application within the time allowed, the Director shall close the applicant's file. An applicant whose file is closed and who later wishes to obtain a license shall apply again in accordance with this Section.
  4. From the date on which the administrative completeness review of an application is finished, the Director shall complete a substantive review of the applicant's qualifications in no more than 50 working-days.
    - a. If an applicant is found to be ineligible, the Director shall issue a written notice of denial to the applicant.
    - b. If an applicant is found to be eligible, the Director shall issue a license to the applicant permitting the applicant to engage in business as a Lottery retailer under the terms of this Chapter.
    - c. If the Director finds deficiencies during the substantive review of an application, the Director shall issue a written request to the applicant for additional information.
    - d. The 50-working-day time-frame for substantive review is suspended from the date of a written request for additional information until the date that all information is received.
    - e. If the applicant and the Director mutually agree in writing, the 50-working-day substantive review time-frame may be extended once for no more than 15 working-days.
  5. For the purpose of A.R.S. § 41-1072 et seq., the Director establishes the time-frames for a license to sell Lottery tickets:
    - a. Administrative completeness review time-frame: 10 working-days;
    - b. Substantive review time-frame: 50 working-days; and
    - c. Overall time-frame: 60 working-days.
- G. The Director may license a qualified applicant to sell any 1 or any combination of the Lottery's game products. The Director may require an applicant to sell 1 or more Lottery products as a condition of selling any other Lottery product. A Lottery licensee shall sell only the type of Lottery product authorized by the Lottery.
- H. A license issued under this Chapter shall be signed by the Director or the Director's designated representative and by the licensee. A licensee shall not transfer a license and shall exhibit evidence of possessing the license upon demand. A licensee shall post the license number appearing on the license held by the licensee in a conspicuous place on the premises where the licensee sells lottery products. A violation of this subsection is grounds for disciplinary action in accordance with the provisions of R19-3-203.
- I. As a condition of licensure, each licensee shall agree to release, indemnify, defend, and hold harmless, the Arizona Lottery, its directors, officers, and employees, from and against any and all liability, damage, cost, claim, loss, or expense, including, without limitation, reasonable attorney's fees and disbursements, resulting from or arising by reason of loss of use, temporary or permanent cessation of Lottery equipment, or terminal operations. This should not be construed to in anyway effect the rights of the licensee to recover for losses caused by any 3rd party.
- C. Eligibility for license. Before issuing a retailer's license, the Lottery shall consider in addition to the factors specified in A.R.S. § 5-512(A):
1. The anticipated volume of average weekly sales, in comparison with the minimum standard of 250 instant tickets and 400 On-line tickets per week;
  2. The validity of the information supplied in the application for a retailer's license;
  3. The applicant's indebtedness to the state of Arizona or any other local, state, or federal government.
- DJ. Duration and renewal of license. A retailer's license:
1. Shall remain in effect until the specified expiration date; A license issued under this Chapter shall expire 3 years from the license issuance date by operation of law.
  2. A licensee interested in renewing a license to sell lottery tickets shall submit to the Director a verified application for renewal of the current license on forms prescribed by the Director containing the information required in A.A.C. R19-3-201(A), R19-3-201(B), and R19-3-201(E), accompanied by the required \$36 fee.
    - a. An application for renewal of a lottery license received by the Director or deposited in the United States mail postage prepaid on or before the renewal date, shall authorize the licensee to operate as a retailer until actual issuance of the renewal license.
    - b. The Director may refuse to renew a license in accordance with the provisions of R19-3-204.
    - c. All licenses held by the same corporation shall be renewed on the same date.
  3. A license issued under this Chapter that has expired by operation of law for failure to renew may be activated and renewed within 1 year of its expiration by filing the required application of renewal and payment of the application renewal fee provided for in this Chapter. When a license has been suspended for 1 or more years for failure to renew, a new application for license must be made and a new license issued in accordance with this Chapter.
  - 2 4. A license issued under this Chapter is subject to termination by the Director in accordance with the provisions of this Chapter prior to before the expiration date.
- EL. Nontransferability of license Change of Ownership or Business Location.
1. A retailer's license issued pursuant to this Chapter is not transferable by the retailer. If the business to which a license is issued or the ownership substantially changes, the Director reserves the right to terminate the retailer's license. The Director shall be notified in writing by the retailer at least ten days prior to any proposed business change or substantial change in ownership. A substantial change in ownership means a transfer of equity that creates a shift in the controlling interest of any business licensed pursuant to this Chapter. If a licensee plans to sell, terminate, substantially change the ownership of the licensee's business, or change the business location, the licensee shall notify the Director in writing of the date of sale, termination, substantial ownership change, or change of business location at least 10 days before the transaction.
  1. The licensee shall surrender the retailer's license to the Director on the date of sale, termination, substantial ownership change, or business location change.

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2. A substantial change in ownership means a transfer of equity that creates a shift in the controlling interest of a licensee's business.
  2. Any change of business location shall be reported to the Director at least ten days prior to the effective date of the change.
- F. An applicant may request a hearing regarding denial of application for a retailer's license within 15 days of receipt of a license denial. The hearing shall be conducted in accordance with the provisions of A.R.S. Title 41, Chapter 6, Article 6 and R-19-3-204(B), (D), and (E).

**R19-3-202. Special Retailers**

- A. Eligibility for special retailer's license. This license is issued subject to conditions determined by the Director. These conditions shall include:
1. Length of license period;
  2. Hours or days of sale;
  3. Location of sale;
  4. Specific persons who sell lottery tickets;
  5. Specific sporting, charitable, social, or other special events where lottery tickets may be sold.
- B. Restrictions applicable to special retailers. Persons holding special retailer's licenses shall be subject to all provisions of the Act and this Chapter.

**R19-3-203 R19-3-202. Direct Sales by Lottery**

The Lottery may sell lottery tickets at its main office, or at any branch it establishes in the state, or any special event.

**R19-3-204 R19-3-203. Revocation, Suspension, or Renewal Denial of Retailer's License**

- A. Each A retailer's license may be revoked, suspended or its renewal denied ~~denied renewal~~ by the Director for any of the following reasons:
1. The retailer's application for a license contains false or misleading information.
  21. The retailer violates any of the provisions a provision of the Act or this Chapter.
  2. The retailer knowingly sells a ticket to a person less than 18 years old.
  3. The retailer's average weekly sales of tickets for the:
    - a. Instant game games are less than 250 per week for the preceding game quarterly period;
    - b. On-line game games are less than 400 per week for the preceding ten-week quarterly period.
  4. The retailer's business address is changed.
  54. The retailer commits an act which that impairs its the retailer's reputation for honesty and integrity.
  6. The retailer does not display lottery point-of-sale material in a manner which is readily visible and available to the public.
  75. The retailer does not make purchase or redemption of lottery tickets convenient and readily accessible to the public.
  86. The retailer provides to the Lottery a statement, representation, warranty, or certificate that is determined by the Lottery to be determines is false, incorrect, or incomplete.
  7. The retailer has 2 payments returned to the Lottery for insufficient funds in a 12-month period which was caused by the retailer's actions.
  98. The retailer becomes insolvent, unable or unwilling to pay its debts, or is declared bankrupt.
  109. The retailer or any of its officers an officer, employees, or agents controlling agent of the retailer is:

- a. Indicted for or Is convicted of a felony, felony theft that is designated as a misdemeanor, or any a crime involving moral turpitude, or gambling or fraudulent schemes and artifices.
  - b. The Is the subject of any an order, judgment, or decree of any a federal or state authority barring, suspending, revoking, or otherwise limiting its right to engage in any business, practice, or activity.
10. Facts are discovered which, if known at the time the retailer's license was issued or renewed, would have been grounds to deny licensure.
  11. The retailer adds a minor as an owner, partner, or officer of the business.
  12. The retailer or an officer or employee of the retailer sells a ticket or pays a prize to oneself.
- B. The Director may on the Director's own motion, and shall on the written complaint of any person, investigate the acts of a licensee and may temporarily suspend, with or without imposing specific conditions or permanently revoke a license issued under this Article if the licensee is found to have committed an act or omission set forth in subsection (A).
- BC. Procedure for hearings. The A retailer may request a hearing regarding the proposed a revocation, suspension, or renewal license denial of a license, if future delivery of tickets is withheld or the On-line Lottery terminal is summarily inactivated. The hearing shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 6 10. Administrative Procedure, Office of Administrative Hearing. If requested by the retailer in writing, a hearing shall be held within 15 days following receipt of the request.
1. The hearing shall be conducted by a hearing officer in an informal manner without formal rules of evidence or procedure.
  2. The hearing officer may:
    - a. Hold prehearing conferences to:
      - i. Settle, simplify, or identify the issues in a proceeding;
      - ii. Consider other matters that may aid in the expeditious disposition of the proceeding;
    - b. Require parties to state their positions concerning the various issues in the proceeding;
    - c. Require parties to produce for examination those relevant witnesses and documents under their control;
    - d. Rule on motions and other procedural items pending before the officer;
    - e. Regulate the course of the hearing and conduct of participants;
    - f. Establish time limits for submission of motions or memoranda;
    - g. Impose appropriate sanctions against any person failing to obey an order under the following procedures:
      - i. Refusing to allow the person to assert or oppose designated claims or defenses, or prohibiting that person from introducing designated matters in evidence;
      - ii. Excluding any or all testimony of an unresponsive or evasive witness.
      - iii. Expelling the person from further participation in the hearing;
    - h. Take official notice of any material fact not appearing in evidence in the record, if the fact is among the traditional matters of judicial notice;



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- i. Administer oaths or affirmations.
  3. A transcribed record of the hearing shall be made available at cost to any requesting party.
  4. The hearing officer shall make a recommendation to the Director, within ten days of the hearing date, based on the evidence presented. The recommendation shall include findings of fact and conclusions of law.
  5. The decision of the Director shall be made within ten days from the time that the recommendation is received from the hearing officer. The Director shall proceed in one of the following ways:
    - a. Accept, modify, or reject the hearing officer's recommendation in whole or in part;
    - b. Return the matter to the hearing officer with instructions;
    - c. Make any other appropriate disposition.
  6. The Director's decision shall be presented or mailed to all parties. Any party adversely affected may file an appeal with the Commission within ten days of receipt of the decision.
- CD. Procedure for filing an appeal with the Commission:**
1. Any A person who wishes to appeal from the a final decision of the Director shall be filed file an appeal with the Lottery Commission within ten 10 working days of receipt of the Director's decision. The filed appeal shall contain the following:
    - a. A copy of the Director's decision of the Director; and
    - b. The basis for the precise alleged factual or legal error in the decision of the Director from which the appeal is taken.
  2. The Lottery shall notify interested parties of the appeal within five days after the appeal is filed.
  32. Any interested party A person appealing the decision of the Director may file a written brief stating its position on the appeal within ten 10 working days after receipt of the notice decision.
  43. The Commission may provide for oral argument.
  54. The Commission's Commission shall make its ruling on the appeal shall be on the record.
- D. Procedure for rehearing.** Any party who is aggrieved by a decision of the Commission to revoke, suspend, or deny renewal of a license may file a written request for rehearing of the decision specifying the precise factual and legal grounds contained in paragraph (5), subparagraph (c) of this subsection.
1. The request for rehearing shall:
    - a. Be filed with the Lottery within ten days of the decision of the Commission;
    - b. Include any applicable supporting affidavits;
    - c. Be clearly designated as a "Request for Rehearing."
  2. The Lottery shall notify interested parties of the request for rehearing within five days after it is filed.
  3. Any interested party may file a response, including any opposing affidavits, within five days of receipt of the notice.
  4. Any argument not raised in the request or in a response is waived.
  5. If helpful to the Commission it may:
    - a. Require the filing of written briefs.
    - b. Provide for oral argument.
    - c. Grant a rehearing of the decision for any of the following causes:
      - i. Irregularity in the appeal to the Commission or an abuse of discretion by the Commission, depriving the requesting party of a fair appeal;
      - ii. Misconduct of the Commission, its staff, or any party;
      - iii. Accident or surprise that could not have been prevented by ordinary prudence;
      - iv. Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced in the appeal;
      - v. Excessive or insufficient penalties;
      - vi. Error in law, including the admission or rejection of evidence, occurring in the appeal;
      - vii. Evidence that the decision on appeal is not justified by the evidence or is contrary to law.
6. The Commission's decision concerning a request for rehearing shall:
  - a. Be in writing;
  - b. State the basis of the decision.
7. A decision granting a rehearing shall specify:
  - a. The grounds on which the rehearing is granted;
  - b. The date, time, and place of the rehearing.
8. Any rehearing shall cover only those matters specified in the decision granting the hearing.
9. The Commission, within the time for filing a request for rehearing under this rule, may on its own initiative order a rehearing of the decision for any reason for which the Commission may have granted a rehearing on request of a party.
- E. Any A final decision of the Commission shall be is subject to judicial review pursuant to under A.R.S., Title 12 41, Chapter 7 6, Article 6 10 by any party to the appeal before the Commission; action, and the complaint seeking review shall be filed with the Superior Court in Maricopa County and served on the Commission within the time prescribed pursuant to A.R.S. § 12-904.**
- F. Termination of a retailer's license.**
1. Sales shall not be allowed by the retailer from the date of receipt of the notice of termination. A retailer who receives a notice of license termination shall:
    - a. Immediately cease all sales of lottery products, and
    - b. Surrender the retailer's license and all other lottery property and products upon request by the Director's representative.
  2. The retailer shall appear before the Director on a date designated by the Director for the purpose of rendering a final lottery accounting and surrendering his retailer's license together with all other lottery property.
  32. If any the retailer fails to settle its financial account and surrender its retailer's license together with and all other lottery property on or before the designated date and products, the Director shall immediately take steps to impose the penalties and to exercise the enforcement powers provided for in the Act and this Chapter Article.
- R19-3-205 R19-3-204. Display of Promotional Material; Compliance Investigations**
- A. Requirements.**  
Each retailer shall prominently display and maintain a minimum of 3 different point-of-sale Lottery promotional materials. Promotional materials may include, but are not limited to, change mats, mobiles, strip banners, table tents, brochures, or stickers.
- B. Investigation of premises.** Each retailer shall allow investigations during business hours by authorized investigators of the Lottery to determine whether the retailer is complying with the provisions of the Act and this Chapter.

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**R19-3-206 R19-3-205. Instant Game Requirements**

A. Distribution and payment. Tickets The following describes the manner in which tickets for each instant game shall will be distributed to retailers and paid for in the following manner payment made:

1. Prior to the start of each game, the The Lottery or its authorized representative shall distribute to each retailer an initial supply the quantity of tickets in the quantity established by the Director on which the Lottery and the retailer agree, based on the retailer's anticipated volume of sales, along with an invoice payable as specified in the next monthly statement.
2. For any subsequent delivery of tickets for each game, the net dollar value of all tickets distributed to a retailer shall be paid to the Lottery: The Lottery shall bill for instant ticket packs issued to a retailer 45 days after a pack is activated or after 85% of winning tickets in the pack are validated, whichever occurs 1st.
  - a. Within seven days of receipt of the next monthly statement for those retailers not paying by electronic transfer of funds.
  - b. As specified in the next monthly statement for retailers paying by electronic transfer of funds.
3. Within 60 30 days following before the announced end of each instant game, the Lottery or its authorized representative shall collect unsold unopened full packs of tickets in the retailer's possession of each retailer, including any full packs of tickets and one partial pack of tickets per retailer cash register. The Lottery shall credit to the retailer, within 60 days following the announced end of the instant game, the net dollar value of any unsold tickets unopened full packs of tickets collected by the Lottery within 60 days following the announced end of the instant game. All opened partial packs of tickets shall remain in the retailer's possession and may be sold before the end of the 180-day redemption period following the announced end of game.
4. The Lottery may collect opened partial packs of tickets during a game if it is determined by the Lottery and the retailer that sales for a specific game are minimal (no sales activity within a 2 week period) and after the announced end of a game if the instant game is a seasonal, holiday or event related game.
45. A retailer shall follow a schedule established by the Lottery for payment of all amounts due according to a statement or invoice provided by the Lottery. The retailer shall pay the amount due to the Lottery by a retailer shall be paid in the form of a personal or company check, cashier's check, money order, sight draft, certified check or an electronic transfer of funds. If a retailer's payment is returned to the Lottery due to insufficient funds or any other reason, the retailer may be required by the Director to pay the amount due in the form of a cashier's check, money order, sight draft, or certified check at the time of each delivery. If the amount due to the Lottery by a retailer is not paid on or before the due date, the Director may withhold further delivery of tickets to the retailer.
6. A retailer shall deposit funds in a timely manner into a bank account from which an electronic transfer will be made to the Lottery.
  - a. The retailer shall provide the Lottery with an electronic funds transfer authorization showing a valid bank account number from which the amounts due the Lottery will be transferred.

- b. The retailer shall notify the Lottery of any bank account changes 10 days before the effective date of the change.
7. If a retailer's payment is returned to the Lottery for insufficient funds or any other reason, the retailer shall deliver a certified check, cashier's check, or money order or make a direct deposit to the Lottery's bank account before the next payment is due. Additionally, if the retailer's payment is returned to the Lottery.
  - a. The Director may require the retailer to pay the amount due in the form of a cashier's check, money order, sight draft or certified check at the time of each future delivery of tickets;
  - b. The Director may require the payment of each future delivery of tickets upon activation;
  - c. The Director may summarily inactivate the retailer's instant ticket validation terminal;
  - d. The Director may pick up the retailer's current inventory of tickets and withhold further delivery of tickets; and
  - e. The Director may revoke, or deny renewal of the retailer's license in accordance with R19-3-203(A)(7).
- B. Ticket prize validation and payment requirements. A retailer shall provide prize winner validation and payment services to any Lottery claimant regardless of where the ticket was purchased. The retailer shall validate and pay all winner prizes, up to and including \$599, provided that all the ticket validation criteria in A.A.C. R19-3-705 has been satisfied. Winner prizes may be paid by cash, business check or money order.
- BC. Retailer's compensation. The Lottery shall pay Each a retailer shall be entitled to a commission of six percent 6 1/2% of the price of each instant lottery ticket it sells.
- CD. Ticket Instant ticket sales. All instant game ticket sales are final and no the Lottery will not accept ticket returns are accepted except as prescribed in subsections (A)(3) and (A)(4).
- E. In addition to the compensation specified in subsection (C), the Lottery shall pay an incentive of up to 1/2% on the price of each ticket sold to retailers who meet specifications established in writing by the Director and provided to the retailer before the incentive program begins.
- DE. Unaccounted and stolen tickets.
  1. Tickets unaccounted for by a retailer, regardless of the reason, shall be declared sold to the retailer.
  2. The claimant of any winning ticket shall disclose the location where the claimant obtained the ticket.
  2. The retailer shall report stolen tickets to the retailer's law enforcement agency within 1 hour of when the theft occurred or is discovered. In addition, the retailer shall report the event by telephone to the Lottery's Security Division within 1/2 hour of law enforcement notification and provide the Lottery with a copy of the written police report. The Lottery shall issue credit for stolen tickets in an amount equal to 50% of the retailer's purchase price for instant tickets which are stolen from the retailer prior to retail sale less any 3rd-party reimbursement. The retailer shall cooperate in the investigation and prosecution of the crime.
    - a. The retailer must sign an affidavit stating that the listed tickets were stolen and indicating whether or not another claim for reimbursement is being or will be made with any other party for the amount covered by the available Arizona Lottery credit. If the retailer obtains reimbursement for the stolen

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tickets from a source other than the Lottery, the Lottery credit will be reduced by the amount of the 3rd-party reimbursement.

- b. Each retailer location is limited to no more than 2 stolen credits within 36 months of the date of the last theft for which a credit is requested.
3. If the claimed ticket for a prize is reported stolen or unaccounted for by a retailer, The the Lottery shall hold the prize money in escrow pending the findings of an investigation by the an appropriate law enforcement agency when the claimed ticket for that prize is reported stolen or lost by a retailer.

**R19-3-207 R19-3-206. On-line Game Requirements**

A. Ticket sales requirements. A retailer shall execute all selling On-line Lottery purchases and games shall issue On-line Lottery tickets using its authorized terminal in accordance with the Act and this Chapter.

1. If a ticket is voided as prescribed in A.A.C. R19-3-401(C)(3), the retailer shall refund the ticket price to the ticket holder.
2. If a retailer accepts a returned ticket from a player and the retailer does not void or resell the ticket, the Lottery shall deem the ticket to be owned by the retailer.
3. A retailer shall not sell a ticket or combination of tickets to any person or entity that could guarantee the purchaser a win or devote more than 15 minutes of sales in any hour to a purchase by any single player.
4. A retailer shall not permit the use of facsimiles or copies of selection slips, or other materials that are inserted into a terminal's selection slip reader that are not printed or approved by the Lottery. Plays may be entered manually only by using the lottery terminal keypad or touch screen or by using a selection slip provided by the Lottery and hand-marked by the player.

B. Ticket claims prize validation and payment requirements. A retailer shall provide claim prize winner validation and payment services to any Lottery claimant regardless of where the ticket was purchased. The retailer shall post the winning numbers and any bonus number immediately following the selection and communication of the numbers and keep them posted for at least three consecutive calendar days following their selection. If all the ticket validation criteria in A.A.C. R19-3-401(H)(I) are satisfied and a proper validation ticket which is an authorization to pay, is issued by the terminal, the retailer shall pay a winner prize, up to and including \$599. Winner prizes may be paid by cash, business check, or money order.

C. Terminal location.

1. An A retailer shall locate an On-line Lottery terminal shall be located at a site approved by the Lottery within the retailer's place of business and shall not be moved move the terminal from that site without prior approval from the Lottery prior to the move.
2. The Lottery may require that the terminal be located on or in a kiosk or other structure provided by the Lottery.
3. The A retailer shall be responsible for installation of and monthly payments for ensure that the electrical service and for installation of telephone facilities services to the terminal location; are installed in accordance with the specifications established by the Lottery. The retailer shall ensure also that monthly payments for the electrical services are made. The Lottery may assess the retailer for monthly data line charges if retailer sales of Lottery products are less than the required minimums established in R19-3-203.

3. If any action by the retailer makes it necessary to place an order with the providing telephone company to correct or relocate telephone service after the terminal is initially installed, the retailer shall pay for the charges incurred. The Lottery shall provide to the retailer a statement of charges and a copy of the telephone bill associated with the charges.

D. Terminal conversion.

1. If needed the Lottery deems it necessary, the Lottery shall modify its On-line Lottery system by:
  - a. Changing terminals, equipment, or accessories; or
  - b. Converting to another On-line system.

2. Each A retailer shall assist the Lottery to the extent reasonable and practical to accomplish the modifications a modification of the On-line Lottery System in a timely and economical fashion, recognizing that the equipment is the property of the Lottery or its On-line contractor.

E. Terminal operation. Each A retailer shall have its On-line Lottery terminals terminal available for the sale, validation, cancellation, and cashing of On-line Lottery tickets at all times a minimum of 14 continuous hours each day while if the Lottery's on-line system is active and the retailer's business is open; except that no retailer shall be required to cash On-line tickets on Sundays.

F. The Arizona Lottery shall not be liable for damages of any kind due to failure of any on-line lottery terminal interruption or termination of on-line terminal operations.

FG. Terminal care. Each A retailer shall at all times:

1. Operate the On-line on-line terminal, associated equipment, and accessories only in the ordinary course of its On-line on-line Lottery business and only in accordance with the requirements established by the Lottery; and
2. Exercise diligence and care to prevent failures; and malfunctions of, and accidents to the terminal and other property of the Lottery or its On-line contractors for On-line operations.

GH. Terminal maintenance. Each A retailer shall:

1. Keep the On-line on-line Lottery terminal, associated equipment, and accessories clean, orderly, and in good condition;
2. Replace ribbons and ticket stock in the terminal as required; and
3. Minimize terminal downtime by:
  - a. Notifying the Lottery or its On-line on-line contractor immediately of any and all terminal failures failure, malfunctions malfunction, damages damage, or accidents accident; and
  - b. Making the terminal available for repairs repair, adjustments adjustment, or replacement at all times during the retailer's regular business hours.

HI. Terminal supplies. Each A retailer shall:

1. Order and utilize use On-line on-line Lottery supplies, including but not limited to, ribbons, ticket stock, and claim and settlement forms selection slips exclusively from the Lottery or its On-line designated contractor; and
2. Maintain a sufficient inventory of On-line Lottery supplies to avoid an out-of-stock situations. The Lottery shall furnish on-line supplies, at no cost, to the retailer.
3. Receive, at no cost, supplies furnished by the Lottery.

IJ. Retailer training. Each A retailer shall:

1. Participate in On-line Lottery training courses and follow-up instruction; training provided by the Lottery in the operation of on-line terminals and sale of Lottery

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- products, which may take place at a retailer's place of business;
2. ~~Ensure that all employees operating the On-line Lottery business attend the training courses and follow-up instruction selling Lottery products or operating Lottery on-line terminals are properly trained in these areas and have access to all materials provided by the Lottery relating to the sales and promotion of Lottery products and the operation of Lottery equipment;~~
  3. ~~Assume responsibility~~ Be responsible for:
    - a. Any compensation payable to employees for participation in the Lottery training courses and instruction, and
    - b. All other costs associated with employee training; and
  4. Provide all employees operating the On-line Lottery equipment with copies of the procedures manuals, bulletins, and technical materials ~~which that~~ are furnished to the retailer by the Lottery or its On-line on-line contractor.
- JK.** ~~Retailer compensation. Each retailer shall:~~ The Lottery shall pay a retailer a commission of 6½% of the price of each on-line ticket it sells. The Lottery shall not consider a voided ticket a sale.
1. ~~Retain a commission of six percent of the price of each On-line ticket it sells, less the price of any voided tickets;~~
  2. ~~Provide a settlement statement to the Lottery each week. The settlement statement shall include the following information:~~
    - a. ~~Gross revenue from the sale of On-line Lottery tickets;~~
    - b. ~~All cancellations and prize winnings paid out by the retailer.~~
  3. ~~Pay to the Lottery each Friday the amount due from the sale of its On-line Lottery tickets for the 7-day period ending at the close of business on the previous Saturday. The amount due means the retailer's gross revenue, less any voided tickets, prize winnings paid out by the retailer, and the retailer's sales commission. If a retailer fails to make payment as required by the Lottery, the Director is authorized to summarily inactivate the retailer's On-line Lottery terminal.~~
- L.** In addition to the compensation specified in subsection(K), the Lottery shall pay an incentive of up to ½% on the price of each ticket sold to retailers who meet specifications established in writing by the Director and provided to the retailer before the incentive program begins.

- M.** A retailer shall pay for On-line ticket sales in the following manner:
1. Pay to the Lottery each Friday the amount due from the sale of its On-line Lottery tickets for the 7-day period ending at the close of business on the previous Saturday. The amount due means the retailer's gross revenue, minus any voided tickets, prize winnings paid out by the retailer, and the retailer's sales commission.
  2. Pay the amount due to the Lottery by an electronic transfer of funds. The retailer shall deposit funds in a timely manner into a bank account from which the electronic transfer will be made to the Lottery.
    - a. The retailer shall provide the Lottery with an electronic funds transfer authorization showing a valid bank account number from which the amounts due the Lottery will be transferred; and
    - b. The retailer shall notify the Lottery of any bank account changes 10 days before the effective date of the change.
  3. If a retailer's payment is returned to the Lottery for insufficient funds or any other reason, the retailer shall deliver a certified check, cashier's check, or money order, or make a direct deposit to the Lottery's bank account before the next payment is due. Additionally, if the retailer's payment is returned to the Lottery,
    - a. The Director may summarily inactivate the retailer's On-line Lottery terminal, and
    - b. The Director may revoke or deny renewal of the retailer's license in accordance with R19-3-203(A)(7).

**R19-3-207 Compliance Investigations**

- A.** A retailer shall comply with all provisions of the Act and this Chapter. The Lottery may conduct inspections to verify compliance and, if necessary, order an audit or investigation of the business for verification.
- B.** Investigation of premises. A retailer shall allow investigations during the retailer's regular business hours by authorized Lottery investigators to determine whether the retailer is complying with the provisions of the Act and this Chapter.
- C.** A retailer shall keep all invoices, records, bills and other papers and documents relating to the purchase, sale, and validation of Lottery products that are kept in the normal course of business for tax purposes for 5 years. These records and papers shall be easily accessible to the Lottery authorized investigator for examination or audit. Non-paper types of storage, such as microfiche, may be used. Records may be stored at a central location.